

# TOKYO GAZETTE

## A MONTHLY REPORT OF CURRENT POLICIES, OFFICIAL STATEMENTS AND STATISTICS

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The material in the TOKYO GAZETTE is selected mainly from the *Weekly Report*, edited by the Bureau of Information. The accuracy and comprehensiveness of data presented in the *Report* are fully established. For the benefit of students of Japanese affairs, the TOKYO GAZETTE is endeavouring to maintain these qualities in the hope that its publication will eliminate unfortunate misunderstandings and thus contribute to world peace and international goodwill.

## PRODUCTION AND DISTRIBUTION OF RICE

DEPARTMENT OF AGRICULTURE AND FORESTRY

**A**S an agricultural problem having important bearing upon many phases of Japan's national life, the production and supply of rice has long engaged careful thought. The problem is heightened in time of emergency, when, together with the development of the peculiarities of wartime economy, increased production of rice to ensure the greatest possible amount of food is sought on the one hand and adjustment in its price and fairness in distribution are sought on the other.

The solution of these two problems, one in the realm of production, the other in the realm of circulation of goods, must be achieved by surmounting obstacles arising out of the process of reorganization of national economy into a wartime system. The longer the present conflict with China lasts, the more pressing becomes a solution to the rice problem.<sup>1</sup>

### Difficulties to be Overcome

As has been attested by experiences in past wars, the sending of the agrarian population and farm horses to the front and the transference of much of the remaining rural labour power to munitions and related industries has caused shortage in such power; while the reorganization of national economy on a wartime basis has inevitably brought about an insufficient supply of chemical fertilizers and agricultural implements. Prices of these materials have then risen. In such circumstances, agriculture has been greatly hampered. This effect has been especially great in Japanese farming villages whose inhabitants mostly depend on their own labour and manage petty farms with small amounts of money.

While production is threatened with decline for these adverse causes, the consumption of rice is disproportionately on the increase not only in Japan proper but also in overseas territories, evidently because of the boom in munitions industries and the growing demands of the fighting services. In the face of these difficulties, the agricultural industry in Japan is being called on to ensure a sufficient supply of its most important article of food.

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<sup>1</sup> With regard to the bearing of the supply of food on success in war, see an article entitled "War and the Supply of Food" in the February number of TOKYO GAZETTE.

To meet requirements, therefore, the agricultural population has spared no effort to maintain and increase, where possible, productive power, coping with altered conditions, while the Government has given necessary aid through various measures. As a result, a balance of approximately 9 million koku (4.9629 bushels) of rice may be brought over to the next year, according to the estimated supply and demand for the 1939 rice year.

A mere maintenance of output, however, at the level prior to the present Affair is insufficient to meet the ever-increasing consumption. It is of paramount necessity, particularly during prolonged hostilities, to ensure as much supply of rice as possible by the improvement and promotion of agricultural productive power, for the purpose of smooth operation of wartime economy; hence the necessity of the carrying out of a national programme with increased production as the definite objective. This transition to planned production has, needless to say, to be effected not only in Japan proper but also in overseas territories. A broad plan for the purpose has already been started.

#### **Programme for Increased Production**

The 1939 plan for increased production of rice in Japan proper has the objective of producing approximately 67 million koku. Success in carrying out this plan will leave a satisfactory amount of surplus to be brought over to the following rice year.

According to the plan, the total amount fixed as the objective shall be allotted to individual prefectures. Measures for the accomplishment of the aim include a proper distribution of fertilizers and other productive materials, the shifting and readjustment of labour, the establishment of the Commission for Production Planning (Seisan Keikaku Iinkwai) in each prefecture, county, city, town or village, the function of which is to make investigation of and decisions on the standards of selection and improvement of species of rice, both paddy and upland, adaptable to each district, to encourage the operation of the fixed plan, to promote the cultivation of seedlings of paddy rice, and to effect the prevention of damages by noxious insects.

For general guidance there have been organized the Corps for Guiding and Promoting Production (Zōsan Shido-tokurei Han) composed of officials in the Department of Agriculture and Forestry. These corps are sent to all the districts to lead local Commissions in the task of carrying out the programme, of encouraging local campaigns and movements for such purposes, and of giving practical guidance and courses and lectures on related subjects.

However, for the successful execution of the expansion plan under the current emergency in agrarian communities that are confronted with changing conditions of production, the first requisite is to effect rationalization of farm management, which is generally small-scaled and based on family labour. From this point of view, co-operative labour with the community as a unit is encouraged. In certain districts, farmers have already overcome their difficulties by the adoption of new cooperative farming methods, while the common use of agricultural machines and implements, in particular, that of the motor tiller which was thought unadoptable on small-scaled farms such as those in Japan, has been considered as a practical question for the purpose of increasing productivity.

### **Reform of the Distribution Structure**

We have pointed out that increased production of rice is of absolute social necessity. But we must realize that rice constitutes a commodity having an individual character as the most essential of the necessities of life and has been exchanged or circulated as such. If, therefore, the process of its exchange or circulation is left to run its own course in a time when, as the consequence of international conflict, there have appeared certain tendencies toward inflation of currency and general rises in prices, the agencies functioning socially for its distribution would be dislocated in their smooth operation on account of cornering or holding—an inevitable consequence arising out of their nature as agencies functioning primarily, in the process of goods circulation, for acquisition of profit. And the price of rice may thus soar to an exorbitant extent.

Such an undesirable condition may arise even when there is an abundant production of rice, and if the retardation in rice distribution and a rise in prices should take place, it would affect adversely the psychology of the home population and have serious reaction in the minds of the men in the services on the China front. Japan has experienced in the past the disastrous effects of unfair rice distribution and consequent national unrest. Hence, together with increasing the rice crop, special attention must be paid to the problem of prices and distribution in the realm of goods circulation. This circulation must be systematized.

As governmental measures for control of rice in the realm of exchange, there have been in force the Rice Control Law and a set of regulations based thereon, the main objective of which has been to empower the authorities to purchase or deliver rice with official prices or to control its disposal in certain seasons by official operations so as to keep prices within the limits of the maximum and

minimum prices fixed by the law. To date, these measures have operated satisfactorily. For the thoroughgoing execution of the rice policy, however, systematization of the process and structure of exchange is now called for.

Since producers of rice are spread over the length and breadth of Japan, managing small-scaled farms under the family labour system, this particular commodity is shipped out to the market through innumerable channels from the outset of the process of its circulation. It may fall first into the hands of brokers on the spot or merchants who buy rice from the farmers only to sell it to second traders, or it may be put on common sale through the farmers' cooperative sales societies and agricultural warehouses, and then go through still more complicated courses. Thus, producers and their organizations, traders and their organizations, rice exchanges and rice markets—all of them demand their share of profit according to their own calculations.

The Government had been fully aware of the necessity of reform of the existing rice distribution mechanism, and in July, 1937, it appointed the Commission for Investigation of a New Rice Distribution System. The Commission, after thoroughgoing studies of various aspects of the question for the purpose of rational improvement of existing conditions, succeeded in drafting a Bill which was approved by the 74th Diet, and which was promulgated on April 11th as the Rice Distribution Control Law (Beikoku Haikyū Tōsei Hō).

### **The New Legislation**

The purpose of the new legislation is to keep the price of rice at a reasonable point by controlling its distribution. To accomplish this aim, the existing rice exchanges will be reorganized according to its provisions. Speculation in rice exchanges quickly reflects itself in the actual price of rice. This is especially the case in time of emergency when speculation gives rise to other speculation and actual prices soar under no pressure of real demand. Then, cornering or holding of rice naturally follows, with the result that the blind hunting for greater gains of profit dislocates the social function of rice exchanges as distributing agencies. In view of these disastrous social consequences and with a view to checking speculative transactions as much as possible and to changing the exchange structure to spot transactions based on supply and demand relations, the new Law provides for the establishment of a semi-official company, under the name of the Japan Rice Company, Limited, which will be invested in by the Government and all the rice interests.

All the rice markets in Japan proper will be monopolized by the

new corporation which takes the place of the existing rice exchanges and spot rice markets. Speculation in transactions in rice at the new rice markets will be strictly prohibited, at which only spot transactions on actual demands will be allowed within the limits of the maximum and minimum official prices as stipulated in the Rice Control Law; any break of these stipulations shall be interdicted. By the operation of the new law, the rice policy will become strengthened and thus be much more effective in checking abnormal rise and fall in the prices of rice, in stabilizing and normalizing prices and in ensuring smooth distribution.

With regard to the rice markets to be operated by the new company, they will be established in all the places which have been recognized as important rice distributing centres, especially in the towns where rice exchanges or spot markets are already extant, with a view to making transactions in the new markets function as the centres of all rice transactions.

The nerve-centres of the rice distribution structure will thus be created. However, for the systematization of the process of exchange, the regulation of the nerve-ends should not be neglected. The Law provides, therefore, that the brokers and dealers in rice shall be placed gradually under a licensed system, beginning with localities where such a step is deemed necessary in order to control and, at the same time, protect or improve them in conformity with the main purpose of the legislation. The Law further authorizes the competent authorities to give the traders in rice or their agents orders necessary for the effective control of rice distribution, so that the limitation of sales prices, prohibition of forestalling or holding may be effected for the purpose of ensuring adequate prices and smooth distribution.

The Rice Distribution Control Law, outlined above as legislation for the reformation of the existing rice distribution mechanism, calls for the cooperation of all the rice-distributing agencies such as the producers and their organizations, and the traders and their associations in carrying out this essential national policy in accordance with their individual functions.

The Law is to be put into operation primarily to meet the present wartime needs; but it has to do with the fundamental food problem of Japan in time of peace as well. Accordingly, in the process of its solution, peculiarities inherent in the national economy of Japan are necessarily reflected, a fact not to be disregarded. Any attempt for the right solution of the problem, therefore, should be made in full consideration of these factors as well as of the direction of their possible development.



## LEGISLATIVE AND BUDGETARY MEASURES AS APPROVED BY THE 74TH DIET

BUREAU OF INFORMATION, PRIME MINISTER'S DEPARTMENT

AS the second ordinary session under the China Affair, the 74th Diet, which had been in session from December 24, 1938, to March 25, 1939, was marked by a spirit of unity and cooperation, as reflected in the significant fact that all legislative, budgetary and other measures submitted by the Government, 112 in number, were approved by it. Of these, 89 were legislative and 14 budgetary measures, and only 11 of the former were slightly amended. Thus the entire nation have expressed themselves as standing firmly and unitedly in support of the Government under the current emergency. In the following are given the list of major laws enacted and the Estimated Expenditures for the 1939-40 fiscal year approved, both in the General and Emergency Military Accounts.

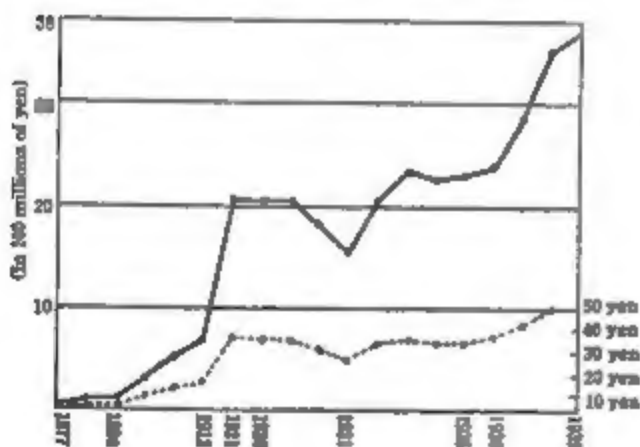
New laws can be listed, beginning with those relating to the measures for the expansion of productive power, particularly in munitions and related industries, which have been needed as basic steps for achieving the national purpose along the line of the construction of a new East Asia. Laws Concerning the Shipbuilding Industry, Concerning the Shipping Associations, Concerning Financing, Subsidies and Indemnities for the Losses in Relation to Shipbuilding, Concerning the Japan Aeronautical Company Limited, Concerning the Imperial Mining Industry Development Company Limited, and Concerning Light Metal Industries as well as those Amending the Industrial Associations Law and Amending the Law Concerning the Gold Production Promotion Company Limited may come under this category. In the same connection, a measure that created wide repercussions in industrial circles was the Bill for Control of Rice Distribution.<sup>1</sup>

With regard to the steps for establishing financial policy in connection with execution of the budget of an unprecedented size, which totals more than 9,000,000,000 yen, the so-called tax increase measures, in the forms of Laws Amending the Special Tax Law Incidental to the China Affair, Amending the Temporary Profit Tax Law, Amending the Temporary Tax Measures Law, and Amending

<sup>1</sup> For full explanation of this legislation see an article entitled "Control of the Distribution of Rice" in the present number of TOKYO GAZETTE.



Chart Showing Expenses of Wars

Chart Showing Expansion of National Budgets  
and Growth of National Income

The dark line is based on figures of the main budgets in the General Account.

The dotted line represents national income per capita.

the Temporary Capital Adjustment Law, as well as those Concerning the Additional Floatation of Public Loans and related to the similar financial steps have been enacted. The fact that more than 30 legislative measures under jurisdiction of the Department of Finance were proposed and approved tells the basic importance of financial policy in time of such emergency.

No less indicative of the current emergency were the enactment of such laws as those Amending the Military Service Law, Amending the Pension Law, for Protection of Secrets Concerning the Resources for Military Use, Concerning the Examination of the Motor Cars for Military Use, for protection of Army Horse Resources,<sup>2</sup> and for Control of Breeding Horses.<sup>3</sup>

In the realm of social legislation, which is vitally related to the consolidation of the home front, Laws Concerning Health Insurance for the Salaried Classes, Concerning Mariners' Insurance, for Arbitration of Domestic Disputes<sup>4</sup> have been enacted.

Even under the emergency, measures embodying cultural policy have made marked advance by the enactment of the Moving Picture and the Copyright Brokerage Law, and especially by that of Religious Organizations Law,<sup>5</sup> for which necessity had long been felt, but difference of views had stood in the way of legislation.

Of these laws some have already been fully explained when proposed to the Diet, but others will be taken up in future numbers of TOKYO GAZETTE.

With regard to the Estimated Expenditures both in the General and Emergency Military Accounts, an unprecedented sum of 9,409,543,527 yen has been approved, in cognizance of the gigantic task the nation has embarked upon for the construction of the New Order in East Asia and in accordance with growing national strength. A word may be added, in this connection, with regard to the estimated amount to be floated as public loans during the current fiscal year. The amount approved is 5,651,803,000 yen, which represents approximately 60 per cent of the total of Estimated Revenues. But when taken together with the amount to be raised from the same sources for the various Special Accounts for Civil Services, Expenditures such as those Government enterprises, the total amount will really be 5,925,471,000 yen.

The figures for the Estimated Expenditures for the aforemen-

<sup>1</sup> See an article entitled "Improvement of Homes" which appeared in the April number of TOKYO GAZETTE.

<sup>2</sup> Ibid.

<sup>3</sup> See an article entitled "Arbitration of Domestic Disputes" appearing in this number.

<sup>4</sup> For a full account, see an article entitled "Proposed Legislation for Control of Religious Organizations" also in the April number of TOKYO GAZETTE.

tioned two accounts are given below along with relevant charts.

Departments	1939-40 General Account		Total	1938-39 General Account
	Main (In Yen)	Supplementary		
Imperial Household	4,500,000	—	4,500,000	4,500,000
Foreign Affairs	55,495,286	2,433,611	57,948,897	49,899,571
Home	291,643,546	39,701,841	331,345,387	283,761,191
Finance	1,306,823,371	293,102,195	1,599,925,566	1,160,962,170
Army	491,712,140	304,690,773	1,000,402,913	566,753,686
Navy	653,942,762	172,809,670	826,752,432	680,383,351
Justice	52,675,603	336,066	53,031,669	52,512,405
Education	135,686,439	9,275,143	164,961,584	146,692,372
Agriculture and Forestry	144,911,983	19,028,245	173,940,228	131,912,484
Commerce and Industry	76,398,824	21,304,277	98,703,101	52,647,148
Communications	278,334,378	92,353,384	310,687,762	229,156,808
Overseas	46,645,834	767,124	47,412,958	31,127,719
Welfare	151,896,790	3,034,220	154,931,010	160,516,164
Total	3,694,666,976	1,109,876,151	4,804,543,127	3,350,827,267

#### The Special Account of Emergency Military Expenditures

	(In Yen)
Army	3,145,000,000
Navy	821,000,000
Reserve Fund	650,000,000
Total	4,601,000,000

Since these Military Expenditures represent only those in the Emergency Special Account, to make up the total amount of all the Military Expenditures for the current fiscal year 1,000,402,913 yen and 826,752,432 yen appropriated to the War and Navy Departments respectively in the General Account has to be added. Thus the total of the Military Expenditures approved for the 1939-40 fiscal year amounts to 6,432,153,000 yen.

## A SYSTEM FOR ARBITRATION OF DOMESTIC DISPUTES

DEPARTMENT OF JUSTICE

**T**HE Law for Arbitration of Domestic Disputes, which was promulgated on March 16, 1939, after having been introduced in the 74th Diet by the Government and duly passed by the two Houses, is an important piece of legislation designed to make it possible for disputes between family members or relatives and other domestic contentions to be settled amicably through the arbitration of a law court or of an arbitration committee organized within a law court. In the present article, the aims and purposes as well as some of the details of this Law will be explained.

### Aims of the Law

Since a law suit is intended primarily to judge a case in favour of one of the contending parties, it tends in many cases to foster a lasting feud between the parties involved, whereas the principle of arbitration calls upon a law court or committee to use their good offices in determining an appropriate and equitable compromise for both parties so as to cause them to meet halfway in voluntary reconciliation. Hence, when arbitration is effected, no ill feeling is usually left smouldering.

Particularly during the current emergency, a large number of instances in Japan may be cited, wherein the parties carrying on disputes with those called to the colours or their families have willingly accepted arbitration out of their gratitude for these soldiers' services to the nation or out of their sympathy with the soldiers' families.

In law suits, the most that may be expected is an order to be issued for the execution of an obligation after it is ruled that either party is legally under such obligation. In a case of arbitration, it may be arranged that part of such obligation is called off or that the obligation is to be settled by instalment, thereby making it possible for a procedure of settlement best adapted to the case to be devised. This is one of the greatest merits of the arbitration system.

It is of paramount importance that the results of arbitration or the agreements reached should be fair and equitable. If it should happen that arbitration enabled an obstinate and unduly self-centred

man to gain excessive profit, arbitration would prove irrevocably harmful. It is also apparent that the result of arbitration should not overstep the beaten path of law. Further, arbitration should be made authoritative because, if any decision effected turns out to be merely an informal reconciliation unattended by competent authority for enforcement unless a law suit is instituted afresh, such arbitration will be of little or no value. For this reason, the law court which is the seat of justice has been authorized to handle cases for arbitration and the settlement thus effected is to be invested with the same force as a ruling for reconciliation awarded by the law court.

Accordingly, the newly legislated system has been so instituted as to form judiciary proceedings with fairness and equity secured both in form and actuality under the jurisdiction of the law court.

Already in force along lines similar to the Law under review are such systems for arbitration under the jurisdiction of the Department of Justice as the Law for Arbitration of Disputes Concerning Leased Land and Rented Houses (effective from October 1, 1922), that for Arbitration of Tenancy Disputes (effective from December 1, 1924), that for Arbitration of Commercial Disputes (effective from November 1, 1926) and the Provisional Law for Arbitration Concerning Monetary Obligations, all of which are functioning satisfactorily. Compared with cases coming under these laws, no one will hesitate to declare that domestic disputes are far better suited to arbitration. Especially in view of the habits and customs traditional to the Japanese people, no one will fail to see the need of making it possible for domestic disputes to be settled amicably through arbitration. Indeed, the four laws of arbitration previously existing may be said to have been intended as preparations for the introduction of arbitration for domestic disputes.

Thus, with the need for a system of arbitration of domestic disputes having been felt in various quarters for many years, the present Law must be said to have been late in coming into existence. This delay has been largely due to the preparations which have been under way at the Department of Justice for more than a decade for the radical revision of the Book on Relatives and the Book on Inheritance in the Civil Code, on the basis of recommendations submitted by the Temporary Legislation Council. A tentative plan for the desired revisions has already been drawn up and is now in the course of re-examination. At the same time it is being planned, on the basis of one of the recommendations of the said council, to institute the Court of Justice for Domestic Disputes, "in order to settle matters concerning families with sympathetic considerations in line with moral principles." Therefore, the policy previously followed in this

connection favoured putting the system of arbitration of domestic disputes in effect simultaneously with the projected revision of the Civil Code and the institution of the Court of Justice for Domestic Disputes.

After the outbreak of the present conflict with China, however, an increasingly urgent need has been seen of facilitating amicable settlements of all domestic disputes speedily through mutual concession between the parties concerned and on the basis of legal principles and human sympathy, so as to enable the soldiers on front-line duty to fight without worrying about the troubles which they have left unsettled at home and also so as to make the nation-wide cooperation in supporting those on the China front effective to the fullest possible extent. Thus, the establishment of the system of arbitration of domestic disputes has become a matter of urgent necessity permitting no further delay. For this reason, the present Law has been legislated ahead of the projected revision of the Civil Code or the institution of the Court of Justice for Domestic Disputes. As for the introduction of the last named system, which is to function beyond the limits of the Civil Code or of the newly-instituted system of arbitration for domestic disputes, necessary preparations are now being pushed vigorously and the said system is expected to be brought into being shortly.

### Some Details of the Law

Thus Law consists of only twelve articles, which contain only such stipulations as are exclusively needed in arbitrating domestic disputes; those provisions of the Law for Arbitration Concerning Leased Land and Rented Houses, which are also suited for arbitration in domestic disputes, are made invocable for the present Law as well.

(1) Article 1 makes it clear that this Law has made it possible for an application to be filed for arbitration in cases concerning domestic disputes, stipulating that "an application may be filed, under the present Law, for arbitration for disputes between members of a family or relatives, or other cases generally concerning family affairs." Members of a family, as stipulated in Article 732 of the Civil Code, include those relatives of the head of the family and their spouses who live in the latter's home, while the term relatives denotes blood relations of the kinships within six degrees and their spouses as well as legal relations within three degrees in kinship, as stipulated in Article 725 of the said code. Disputes other than those between these persons, if they are domestic disputes between those

similar in position to these persons or other cases generally concerning domestic affairs, may also be brought up for arbitration. For example, a marriage or the adoption in a family of a person as legal son or daughter is made lawful when it is duly registered (Articles 776 and 847 of the Civil Code), and even if two persons live together as husband and wife or as parent and son or daughter after duly holding a ceremony to solemnize such union, they are not, legally speaking, husband and wife or parent and son or daughter unless they are duly registered as such. Nevertheless, a domestic dispute arising between these persons or between one of them and some other member or relative of the other's family may be made subject to arbitration under the present Law. Further, such disputes as one between an illegal son not legally recognized yet and his actual father or a member or relative of the latter's family may also be interpreted as corresponding to domestic disputes under this Law.

(2) Article 2 elucidates the fundamental idea of arbitration for domestic disputes. Such arbitration is primarily intended to make it possible for an amicable settlement satisfactory to both parties concerned to be reached in a domestic dispute in line with ethical principles and within the limits of law.

(3) Articles 3 and 4 stipulate the distinctive jurisdiction under which arbitration is to be instituted under the present Law. According to these stipulations, an application for arbitration should be filed at the sub-district court in the area under whose jurisdiction the other party of the dispute lives or at a sub-district court jointly chosen by both parties. And in case a law court has received an application for arbitration for a case which does not come under its jurisdiction, the said court is, as a principle, to refer the case to the right court by decision instead of rejecting the said application for acceptance. However, so far as domestic disputes are concerned, these stipulations concerning the jurisdiction of a law court need not necessarily be stretched too far, as it often happens that a better result is obtained by allowing reasonable discretion to suit actual circumstances.

For instance, in case a senior member of the family concerned lives at a place other than the locality of the residence of the other party of a domestic dispute and when it is considered advisable to work for the required arbitration with the participation of the said senior member, it may be arranged that the case be dealt with at the sub-district court of the area under whose jurisdiction the said senior member lives. Therefore, in case a law court has received an application concerning a case which does not come under its jurisdic-



tion and when it sees sufficient reason to do so, the said law court may refer the case to a sub-district court other than that under whose jurisdiction the case ordinarily comes or may deal with the case itself without referring it elsewhere. Further, even in case a law court has received an application for arbitration in a case which comes under its own jurisdiction, the said court may refer it to another sub-district court by decision when it deems it appropriate to do so. Such flexibility provided for the jurisdiction of a law court in handling cases under the present Law undoubtedly is well adapted to arbitration of domestic disputes.

In this connection, it is further stipulated that no exception can be taken to the decision awarded by a law court.

(4) Article 3 stipulates that an application for arbitration in a case involving an unreasonable cause should be rejected. In the other systems of arbitration, too, it has been laid down that applications for unreasonable purposes should be rejected, but in that article it is further stipulated that applications which are not in keeping with good custom should also be rejected. Applications which are not in keeping with good custom are likely in many cases to be intended for the abuse of rights or other unjustifiable purposes, but even in cases where such intentions are not involved, it has been laid down that applications not in keeping with good customs should be rejected, inasmuch as arbitration in domestic disputes is based on the spirit of respect for customs and habits traditional to the Japanese people. Furthermore, it is stipulated elsewhere (Article 11) that an arbitration committee may desist from arbitration in case it is deemed that such causes as stipulated in the present article are involved.

(5) In Article 6 it is stipulated that the parties involved and those otherwise interested in a case for arbitration should present themselves personally, but that they may send their representatives in case they are unavoidably prevented from presenting themselves, and that those other than lawyers are required to obtain permission of the law court concerned in order to become such representatives. It is noteworthy in this connection that this article makes it clear that lawyers acting as representatives in a case for arbitration need not obtain special permission, whereas previous systems of arbitration have required lawyers to obtain the permission of the law court concerned.

(6) In Article 7 the legal force of arbitration is defined to the effect that arbitration has the same force as in judiciary conciliation, a party being liable to be subjected to immediate compulsory enforcement in case he fails to live up to the obligation which he has

incurred thereby. Further, the arbitration effected by an arbitration committee becomes similarly effective only when it is approved by the law court concerned by decision (Article 8 of the present Law and Article 28 of the Law for Arbitration of Disputes Concerning Leased Land and Rented Houses). This stipulation is common to all other systems of arbitration but in the case of arbitration of domestic disputes, there is an accompanying provision that this stipulation does not apply to such obligations as involve matters which do not allow disposal by the party concerned, because in cases concerning domestic disputes there may be various matters for arbitration other than deliveries of goods or payments of money and it is impossible to make the result of arbitration equally effective on certain of such matters.

(7) Article 8 names a number of stipulations of the Law for Arbitration of Disputes Concerning Leased Land and Rented Houses, which are made applicable to corresponding cases under the present Law. Some of these stipulations are explained below.

Article 2 of the Law for Arbitration of Disputes Concerning Leased Land and Rented Houses, which stipulates that an application for arbitration is required to make clear the actual situation of the dispute at issue, has been made applicable to applications to be filed under the present Law as well.

Again, by the invocation of Paragraph 2 of Article 4 of the same law, a law suit pending at a law court concerning a domestic dispute can be referred to arbitration by the law court, which has accepted the suit, through the exercise of its own authority. Thus, cases which are considered better suited to amicable settlement by arbitration than by law suit proceedings may be referred to arbitration by the law court concerned without waiting for an application from the party involved.

In case a law suit is pending in connection with the case for which an application for arbitration has been received or in case a law court has referred a case to arbitration through the exercise of its own authority, the proceedings of the said law suit are to be suspended pending the closure of the arbitration (Article 5 of the same law). As it would be unwarranted to keep a law suit in progress while referring its case to arbitration for amicable settlement, it has been laid down that in such cases, proceedings of the said law suit are to be suspended so as to make it possible for the best efforts to be made for the benefit of arbitration. However, in case an application has been filed for such arbitration with the object of shunning reasonable obligations under cover of this stipulation, the said application is to be rejected under the provi-

sions of Article 3 of the present Law.

Cases for arbitration come under the jurisdiction of a law court or an arbitration committee, and in practice, the law court is to take charge of simple cases of arbitration, while the committee is to deal with complicated cases, but in case both parties involved so desire, the arbitration committee is required to sit for their case (Paragraph 2 of Article 14 of the previous law). In the case of a law court undertaking arbitration, the said law court is required to fix a date and summon the applicant for such arbitration and the other party involved on that day in case it has accepted an application for arbitration or has referred a law suit it has accepted to arbitration, the law court being authorized to request the presence of persons otherwise interested if it is deemed necessary to do so (Article 6 of the previous law).

Proceedings of arbitration are not to be opened to public hearing ; it is stipulated that only those whom the law court concerned considers duly qualified may be permitted to witness the proceedings as visitors (Article 8 of the previous law). This stipulation is common to all existing systems of arbitration, but it is of special necessity for arbitration in domestic disputes because the parties involved or those otherwise interested will not be able to state their actual cases fully and express their real intentions unless the proceedings are closed to the public.

Another article of the said law made applicable to cases under the present Law is Article 13 which authorizes the law court concerned to order action as may be deemed necessary prior to effecting arbitration. For instance, in case a dispute has arisen between members of a family or its relatives regarding the partition of an estate, the said estate may thus be caused to be held in trust by a senior member of the family until arbitration is effected.

Further, in case the action thus ordered by the law court concerned requires expenses, one of the parties or both of them may be made to pay for such expenses in advance (Article 9 of the previous law). An application or other statements for arbitration may be made either verbally or in writing (Article 10), and the findings of arbitration are to be prepared by the clerical staff of the law court concerned (Article 11).

As for the organization of an arbitration committee, the said body is to consist of a chief arbitrator and two or more members (Article 13 of the previous law). The chief arbitrator is to be appointed annually from among the judges by the Chief Justice of the District Court concerned (Paragraph 1 of Article 16). The members on the Committee are to be named annually in advance by the Chief

Justice of the District Court; and from among these committee men, suitable persons are to be chosen for each case by the Chief Arbitrator. If arbitration is to be expected to lead to its rightful results, it is obvious that the most suitable persons available ought to act as members of the committee, and for arbitration in domestic disputes it is stipulated that those who serve on the committee should be persons of good reputation as their first qualification. Further, the committee men are to be paid a daily allowance and travelling and hotel expenses (Article 18).

Proceedings of arbitration at the committee meetings are to be directed by the chief arbitrator (Article 19), and the committee's decisions are to be authorized by a majority vote of the members, the chief arbitrator having the casting vote in case of an equally divided vote (Article 20). Discussions in the meetings are to be kept in confidence (Article 21), while the committee is authorized to summon the parties involved, to request for the participation of those interested at a date it fixes, to give permission to their representatives to present themselves on their behalf, or to order action as may be deemed necessary before arbitration is effected (Article 22 of the previous law and Article 10 of the present law). The arbitration committee is also authorized to hear the statements of the parties involved or those otherwise interested and to institute examination of evidences in case it is deemed necessary to do so (Article 26 of the previous law). These stipulations are common to all the other systems of arbitration.

In case the arbitration committee has concluded that an application for arbitration is not in keeping with good customs or is intended for the abuse of rights, the said committee is authorized to desist from instituting arbitration as stated before (Article 11 of the present Law).

In case arbitration is effected by a committee, the law court concerned is to be furnished with a report of the chief arbitrator and will then decide to approve or not to approve the arbitration thus effected. Such decision for approval invests the arbitration effected with the same power as in judiciary conciliation, provided that the law court concerned is not authorized to decide for disapproval of the arbitration effected unless such arbitration is considered unfair to a serious extent (Articles 26-28 of the previous law).

In case the parties involved do not respond to the summons of the arbitration committee without justifiable reasons, the law court in charge of the case for arbitration concerned, after consulting the committee, may sentence them to fines of 30 yen or less (Article 32 of the previous law).

It is also stipulated that a fee is to be paid for an application made for arbitration by the arbitration committee or by the law court (Article 29 of the previous law). The amount of the said fee still remains unfixed, but it is likely to be fixed at an amount not exceeding 30 sen. The parties involved or those otherwise interested may request the clerical staff of the law court concerned to show them the records of their case or give them an exemplified copy, certified copy or extract copy of the said records or a certificate concerning the case (Article 30 of the previous law)

(8) The stipulations contained in Articles 9 to 11 of the present Law have already been dealt with. In Paragraph 1 of Article 12, it is stipulated that in case a member of the arbitration committee or one who has formerly been on the committee, without reason, disclosed what were the views of the chief arbitrator or the other members or whether the said views were the majority or minority views, the said person is made subject to a fine not exceeding 1,000 yen, this stipulation being aimed at securing freedom and fairness for discussion at the committee meetings. Designed for similar purpose is the provision of Article 49 of the Law for Arbitration of Tenancy Disputes. Then, Paragraph 2 of the article in question stipulates that in case a member of the committee or one who has formerly been on the committee has, without sufficient reason, disclosed the secrets of another person which he has learned in connection with matters he has handled during the execution of his official duties, the said offence is to be made liable to a sentence of three months or less in penal servitude or a fine of 1,000 yen or less. This stipulation of punishment is peculiar to the system of arbitration for domestic disputes. This is because arbitration of domestic disputes affords considerable chances to learn family secrets, which are likely to cause great disadvantages for the parties involved or those otherwise interested, unless they are kept strictly confidential, thereby standing seriously in the way of arbitration for domestic disputes.

(9) In the systems of arbitration for disputes concerning leased land and rented houses, tenant farming and commercial affairs, it has been laid down that in case an arbitration committee fails to effect arbitration, the committee is to decide on terms of arbitration as may be deemed appropriate and send copies of its findings to the parties involved. It is stipulated that in case the parties involved do not take exception to such terms of arbitration within one month after receipt of the said copies, they are to be considered to have accepted the proposed arbitration. Further, in the systems of arbitration in disputes concerning monetary obligations and tenant

farming, it is so stipulated that the law court concerned may administer justice in lieu of the so-called arbitration. However, neither of these two devices has been incorporated in the present Law. The reason is that domestic disputes often involve details which are too complicated to be made subject to these devices, and also that in such disputes, the intentions of the parties involved in particular ought to be respected in a greater degree than in the arbitration for disputes concerning other problems.

## HEALTH INSURANCE FOR THE SALARIED CLASSES

### BOARD OF INSURANCE

**A** HEALTH insurance system for salaried employees has at last been enacted into law. The bill approved at the recent session of the Diet proposes to answer the urgent need for the maintenance and promotion of the health of the nation at a time when the gigantic task of long-term construction on the Asiatic Continent now confronting the country calls for the conservation of human resources. The present insurance scheme aims to do for salaried employees exactly what the National Health Insurance and other forms of social insurance undertake to do for the protection of persons living in rural districts and fishery villages, workers in factories and mines, and small and medium-sized tradespeople.

The health of the nation is generally in a condition which is anything but satisfactory. Now, if we compare the mortality rates in the different countries, we shall find that for the year 1935 that for one thousand persons was 15.1 in France, 15.8 in Italy, 12.0 in England, 10.7 in the United States and as high as 16.8 for Japan. Furthermore, whereas this death-rate has since been decreasing appreciably in other countries, the decline has been very slight in this country. Besides, the average span of life of the Japanese people is much shorter than in countries like England, France and Germany. And it is feared that the health of this nation might tend to deteriorate as a result of the present hostilities, as it happened in countries of Europe as an aftermath of the World War.

Health insurance provides for protection in cases of illness, accidents, burials and maternity cases, protection of the sick being the most important phase of the work. While medical treatment to be effective should be given at the very inception of the ailment, financial considerations always stands in the way of prompt consultation with the physician. For persons of small income, which include the great majority of the insured, physicians' fees prove to be too heavy a burden and this usually hinders the people from receiving prompt medical attention. The obvious result is that people are doomed to suffer from diseases which are otherwise quite curable.

Let us look a little more closely into the conditions of health of salaried employees. As may readily be imagined, persons living in big cities generally give a very poor account of themselves in this respect. According to the findings of the War Office gained in the



course of the conscription examination for 1936, persons engaged in business and other office work are physically the least fit, while the healthiest are found, in order of importance, among those working in marine, mining, communications, agricultural and manufacturing industries. Again, a comparison between dwellers in the country and in the city shows that the proportion of the physically unfit is the highest among persons born and brought up in the cities and the lowest among those born and bred in the country. Persons born in the country and living in cities come in between the two extremes. This shows unmistakably that the salaried employees working in commercial and other business offices are on the whole in the worst health conditions and that city life is far from being conducive to health.

### Financial Considerations

We may now turn our attention to the financial aspect of the problem. Contrary to the popular belief, the salaried classes are by no means better off than the working classes. According to an investigation of household economy conducted by the Statistical Bureau, Prime Minister's Department, for the year 1935-36, the real incomes of the salaried employees average 97.64 yen a month, which compares with 86.99 yen for the working classes. As regards the expenditures, on the other hand, the average amount in the case of salaried people is put at 86.89 yen as against 76.65 yen for the workers, so that the salaried classes are having a harder job of making both ends meet. Under these circumstances, any unlooked-for outgoings, usually in the form of physicians' fees, are sure to cause big holes in the household economy.

We would here refer to an investigation recently made by the city of Kyoto with the object of ascertaining the amount usually paid for medical care by an ordinary household in the salaried group. During the month of October, 1935, according to this study, as much as 19.17 yen on the average was expended for medical treatment by each household and this amount corresponds to 21.74 per cent of the average monthly income. In other words, no less than one-fifth of the income goes towards medical care and this burden becomes heavier with smaller incomes. For instance, for a household with a monthly income of, say, under forty yen, the medical expenses would assume a proportion as high as 60 per cent. Furthermore, of the salaried employees with a debt of not less than fifty yen, nearly 30 per cent of the cases mention medical expenses as the immediate occasion of the indebtedness. In other studies on poverty it is

shown that illness, accidents and invalidation will be found to be responsible not merely for 30 per cent but even for 40 to 60 per cent of the poverty and misery. Hence, the importance of health insurance protection for the salaried classes.

The present health insurance, to begin with, is made compulsory for the purpose of rendering the insurance facilities accessible to as many persons as possible and also in order to reduce as far as feasible the contribution by each insured person. For one thing, if the insurance is left voluntary, there is strong likelihood that weak and ailing persons only will be induced to become the insured which, of course, is not a desirable thing for the system. The operation of the present health insurance system will, for obvious reasons, be limited to the cities and such towns and villages as are specially designated by the competent Minister of State.

In the second place, the scheme will be applicable to the offices or places of business having not less than ten persons constantly in their employ. A business office or a group of stores having not less than 300 employees may, with the approval of a majority of the insured persons, organize an Association for Health Insurance for the Salaried Classes. Although it is often in small offices and stores that health protection is more urgently needed, they must of necessity be excluded for the present from the application of this insurance system.

Thirdly, the scope of business offices or stores to which the system is applicable is for practical purposes limited to the following:

(a) trading and commerce, (b) finance and insurance, (c) custody and leasing of property, (d) commission agencies, (e) collection of money, information, and advertising, and (f) other business to be designated by Imperial Ordinances. It may be added in this connection that persons with incomes of not less than 1,200 yen a year may not receive the insurance protection.

The present health insurance system provides for various benefits for the insured person in cases of illness, accidents, burial, childbirth and maternity. It is the purpose of the scheme gradually to extend its benefits and protection to members of the families of the insured persons. Below is a brief account of the insurance benefits provided for by the system:—

#### (A) Medical Expense

In case an insured person receives medical care for illness or accidents, 80 per cent of the expenses is paid by the System. This aid extends beyond the ordinary medical care to hospital, operation and nursing expenses and is granted for a period of six months in the same case. In special instances designated by the competent

Minister of State where prolonged medical care is needed, the period of the aid may be extended for not more than one year. Where, again, an employee is under medical treatment when the person loses qualification to be insured by reason of retirement or otherwise, the aid may be continued as prescribed, provided that the same person shall have previously been in the employ for a stated period.

#### **(B) Allowance in case of Illness or Accident**

Where an insured person is compelled, on account of illness or accident, to rest from work for any length of time, the person will receive an allowance in addition to the aid mentioned above. The allowance will in ordinary cases amount to 50 per cent of the regular pay, and will be given after three months of absence in the case of those who receive monthly pay and after a period of ten days in the case of those who receive daily pay; for in both cases the regular pay is continued during the respective periods.

#### **(C) Burial Allowance**

In case of the death of an insured person and where the burial is effected by the bereaved family whom the deceased had been supporting, a grant of money corresponding to one month's pay but not less than thirty yen will be made in aid of burial expenses. Where there is none left entitled to receive this award, the person effecting the burial will be compensated up to the extent given above. When a person dies within three months after the loss of the qualifications for the insurance protection or when any person dies who had been receiving the insurance protection after having been disqualified for the insurance or when such person dies within three months after ceasing to receive the benefits, the same burial allowance or expense will be paid likewise.

#### **(D) Childbirth**

When an insured person is delivered of a child, a sum of twenty yen will be awarded towards the necessary expenses. In such cases, it may be feasible to send the person to a maternity hospital or otherwise give the needful assistance. In this instance the award mentioned above will be ten yen instead of twenty yen. The benefits in connection with childbirth will be available where the person had been insured at least for a stated period during one year previous to the event. Where, again, the childbirth occurs within six months after the person had been disqualified, she may receive the benefits as well as the maternity allowance mentioned below.

**(E) Maternity Allowance**

In addition to the foregoing award at childbirth, the insurer will grant for a stated period immediately before and after the childbirth an allowance corresponding to 50 per cent of a day's earnings. The recipient of the allowance may not receive any illness or accident allowance simultaneously.

The foregoing description roughly covers the work of the health insurance system for the salaried classes. Not content with the protection of the sick and weak, the scheme plans to take more fundamental measures calculated to promote the health of the salaried classes.

Lastly, as regards the premiums, the contributions are, as in the case of other social insurances, made half and half between the employers and the employees; the rate is fixed generally at about 2.5 per cent of the monthly income. At this rate, where a person has an income of sixty yen a month the premium will be 1.50 yen, for which 0.75 yen each will be contributed by the employer and the employee. Under this arrangement, the cost of the system to the Treasury will practically correspond to the administrative expenses of the institution.

## PROTECTION AND DISCIPLINE OF JUVENILE DELINQUENTS

DEPARTMENT OF JUSTICE

**I**N the backwaters of modern industrial society an increasing number of children are left illiterate and become delinquent. In spite of the progress made in education and culture, Japan is not free from this defect inherent in modern society. The number of juvenile delinquents increased from 41,743 in 1931 to 42,586 in 1932, then to 47,691 in 1933, until in 1934 it reached 54,023. The following year recorded a small drop to 51,233. If we add to these numbers the thousands who have not yet become actual offenders, we cannot but be impressed by the imperative need of extending state protection and discipline to this host of unfortunate juvenile delinquents.

The systematic care and custody of juvenile delinquents in Japan dates from the promulgation of the Juvenile Law on April 17, 1922. As a result of this law the juvenile courts have come into being as the central organ for activities in the cause of juvenile protection. At present there are four juvenile courts which are found in Tokyo, Osaka, Nagoya and Fukuoka. Fourteen prefectures are now receiving the benefits of the Juvenile Law while 33 others still remain without the jurisdiction of juvenile legislation.

When children under 18 years of age commit offences or show any strong propensity for them, the State exercises guardianship over them and, where necessary, this status of ward may be continued up to the age of 23. In the juvenile courts, close and comprehensive examinations are conducted into the children's physical and mental conditions, into their families and their environments to determine the most suitable way of dealing with each case. In accordance with the results of their examinations the courts, will prescribe for each juvenile delinquent, as the individual case requires, (a) admonishment, (b) written promise of repentance, (c) commission to guardians on condition, (d) placement under custody of a temple, a church, a protective institution or of a suitable person, (e) commission to the attention of an official guardian who keeps watch and gives guidance to the children at their homes or in employment, (f) commission to a correctional or a disciplinary school, (g) placing under clinical care.

The work of the juvenile courts, with the collaboration of the

allied institutions, has since made remarkable progress and each year over ten thousand children come under its attention, the majority of whom after the regimen of discipline come forth regenerated as dutiful and willing members of society. The importance of juvenile protection has never been appreciated more keenly than at this time of long-term construction. In some instances, the delinquents themselves are practising strict thrift in order to be able to use the savings for the consolation of soldiers at the front or in the hospitals. In other instances, they are rendering service by working for the homes of soldiers at the front, making the premises of shrines clean, or joining in public services. Furthermore during 1938, as many as 162 of the regenerated youths entered the military service. There will be many more of them this year. One of these has become an aviator and already holds a brilliant record as a pilot; another has been a recipient of commendation for valour and exemplary conduct. Some of those who have failed to become soldiers have gone to the continent to till the soil, in fact last year 176 persons expressed the same desire and 33 of them are already at their work in the land of promise. Many others have received mechanical and other technical training and have found employment in industries which are in line with home-front measures.

One aspect of the problem that calls for particular attention is, as alluded to at the outset, the tendency for juvenile delinquency to grow at a time of hostilities like the present, as was the case during the World War. A glance over the studies made abroad of conditions in France and Germany during the years from 1913-1920 shows that each successive year registered a steady increase with the single exception of 1914. Taking the year 1913 at 100, the year 1918 showed a rate of increase in juvenile delinquency of 173 in France and 183 in Germany, until the figures rose in 1920 from 189 and 168, respectively. This trend is all the more noteworthy when it is recalled that similar studies reveal the striking fact that exactly during the same period in both those countries the number of adult criminals was marked throughout by decreases.

Confronted as Japan now is with the vast task of ushering in a New Order in East Asia, the attention of the nation is more and more turned to the conservation of human resources, and the work of the bringing up of youth and children in the consciousness of their responsibility to the State is of supreme importance. In this work the care and protection of juvenile delinquents deserves careful attention.

## THE SITUATION IN CHINA



### —THE IMPERIAL ARMY IN THE NANCHANG CAMPAIGN—

BUREAU OF INFORMATION, WAR DEPARTMENT

**A**T the close of the pincer movement on Hankow, Japanese forces confronted Chinese troops across the Siu River, after bitterly fought mountain warfare in the Tean and Joki sectors in Kiangsi Province. This river connects Lake Tungting to the west with Lake Poyang to the east. As it is from 150 to 200 meters wide, it provides considerable obstruction to the offensive force.

The Chinese troops on this front were about 18 divisions strong under the command of General Lo Cho-ying, commander-in-chief of the 19th Army Corps. They had set up strong positions east of Wuning where they planned to check the southern advance of the Japanese forces.

#### Progress of the Campaign

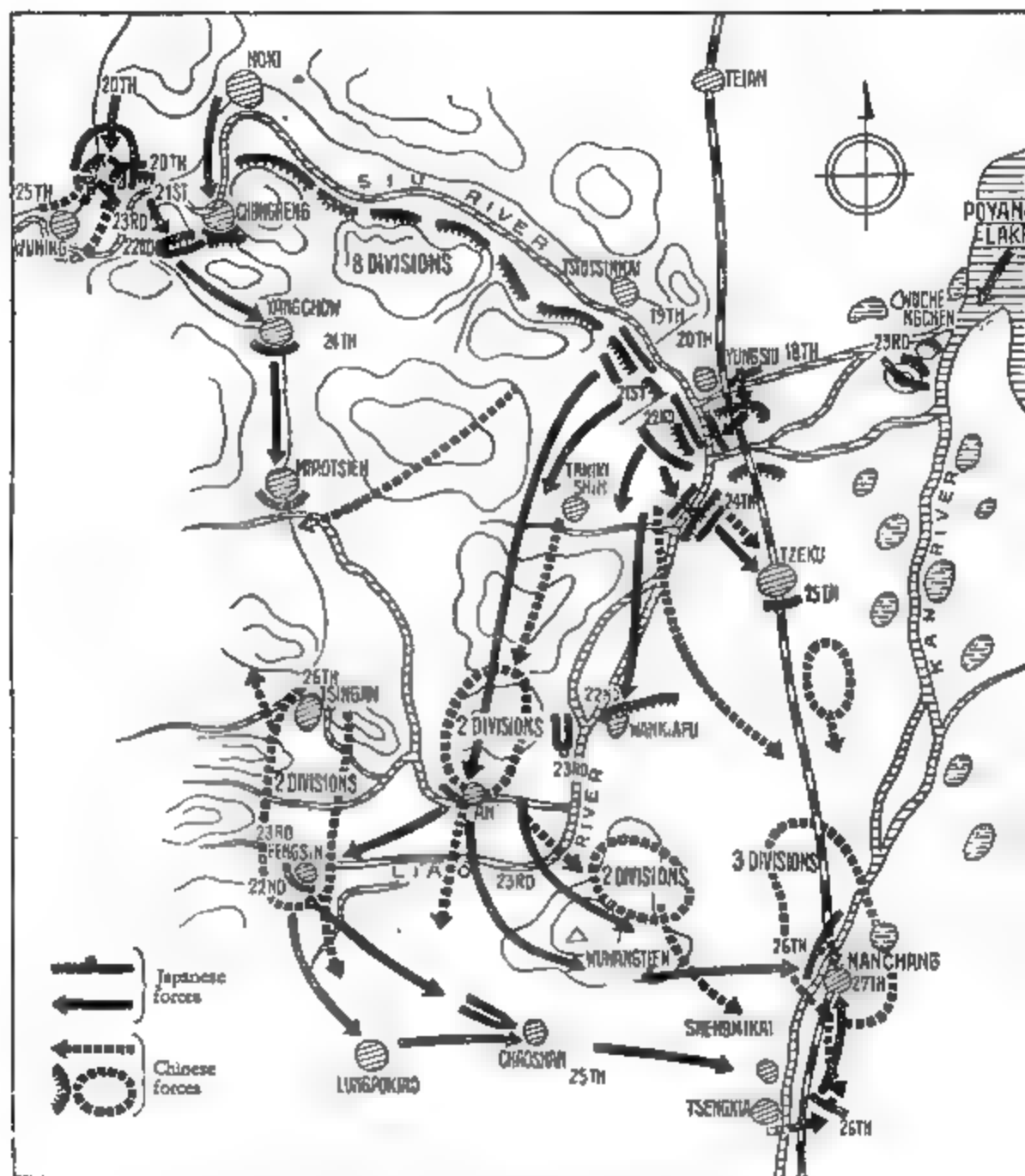
The Japanese expeditionary forces in Central China started preparations for an attack on Nanchang, following the campaign on the Han River in Hupeh Province. Unfortunately, a long spell of rain which lasted some eight weeks turned the roads into a veritable quagmire, adding to the difficulty and hardship of the forces that had been watching for an opportunity to launch an offensive.

On March 18th, part of the Japanese forces successfully crossed the Siu River at a point below Yungshiu in face of the enemy, followed by all other forces which crossed the river near Yungshiu and east of Kewtsin at 7 p. m., March 20th.

This was at high tide, but the crossing operations were carried out successfully in two hours, thanks to carefully laid plans executed with daring. The Japanese immediately charged the enemy positions on the southern bank of the river and dislodged the Chinese from their strongly-constructed trenches. On March 22nd, the Japanese gave chase to the Chinese forces, which were retreating south in confusion.

Tank units played an important rôle in the running fight which ensued. They dashed into the enemy positions; they broke through





Map Showing Progress of Military Operations in the Nanchang Sector, March 18th to 27th

Wangkiafow and Anyi and entered Fengsin, thus cutting off the retreat of the enemy. The severity of the running fight may be seen from the enemy casualties and the Japanese booty. The enemy left some 300 dead when the Japanese mechanized units reached Fengsin, while the spoils of war included 39 artillery pieces, including 4 ten-centimetre guns, 4 twelve-centimetre trench-mortars and 31 field and mountain guns, 10 motor-lorries, 500 horses and a large quantity of gasoline.

The vanguard of the Japanese infantry in pursuit of the enemy reached the line between Fengsin and Wangkiafow in the evening of March 23rd. It advanced to the Kan River on March 26th. Part of the forces crossed this river near Tsengkia and severed the Chekiang-Kiangsi Railway.

The main body of the forces which crossed the river near Sheng-michieh, south of Nanchang, pressed hard on Nanchang, capital of Kiangsi Province, which they occupied at 6:40 p.m., March 27th.

The Chinese troops in Kiangsi were thrown into confusion by the fierce Japanese onslaughts and the easy fall of the capital of the province.

In the Wuning sector, the Japanese on March 20th surrounded the Chinese force of 25,000 men, which had set up strong positions in a mountainous district near Kwantsaishan, some 16 kilometres northeast of Wuning. Covered by air units, the Japanese forces succeeded in entering Wuning at 3 a.m., March 29th and completely occupying the town at 7 o'clock the same morning, after overcoming the difficulties of topographical and positional warfare.

Those Japanese forces which on March 21st crossed to the southern bank of the Siu River broke through the line extending east to west on the height at Chungheng on March 22nd and took Yangchow on March 24th. By keeping up their southern drive, they reached Miaotsien on March 27th.

In this sector, the enemy left 1,700 dead in addition to 750 men taken prisoner as a result of the two-day fighting on March 20th and 21st. The Japanese booty included 700 rifles, 10 light machine-guns and 1 rapid-firer. The Japanese suffered 58 killed and 230 injured.

On March 23rd, military units in cooperation with the naval force occupied Wucheng at the mouth of the Kan and Siu Rivers and also a height south of it.

The Chinese troops in front of the main body of the Japanese forces left 8,700 dead in addition 2,870 taken prisoner up to the morning of March 28th, while the Japanese casualties totalled some 500. The spoils of war included 9 heavy artillery pieces, 38 field

and mountain guns, 37 trench-mortars, 1 heavy machine-gun, 81 light machine-guns, 2,150 rifles, 13 motor-cars and motor-lorries and 800 horses.

### **The Hangchow Sector**

In concert with the campaign in Kiangsi Province, the Japanese forces near Hangchow, capital of Chekiang Province, started operations against the Chinese troops on the southern shore of Hangchow Bay as well as on the southern bank of the Tsientang River, at the mouth of which Hangchow stands. On March 20th, the Japanese force attacked and sank one Chinese military vessel off Chapu on the northern shore of Hangchow Bay, while the Chinese positions on the southern shore of Hangchow Bay opposite Kanpu were furiously bombarded by artillery.

Early in the morning of March 21st, Japanese troops landed on Changsha Island, a delta of the Tsientang River, which covers an area of 12 square kilometres. The following day, these troops dealt the Chinese company on the island a crushing blow. The enemy left 84 dead in the island, while those Chinese troops which retreated in boats from the island also suffered heavy casualties.

### **Significance of the Nanchang Campaign**

It is no exaggeration to say that all the railways in China have fallen into Japanese hands with the exception of the Chekan Railway or the railway between Chekiang and Kiangsi Provinces which connects Hangchow, capital of Chekiang Province, with Changsha, capital of Hunan Province, via Nanchang, capital of Kiangsi Province. This vein of communication in Central China has failed to be as efficient as in peace time, but none the less its strategic and economic value has remained as high as ever. It has provided the Chinese regulars in Kiangsi and Hunan Province as well as the Chinese guerrillas in Chekiang and Kiangsu Province an important route of supply and communication. Therefore, the Japanese occupation of Nanchang is significant in interrupting this line of communication in Central China.

Nanchang is a city with a population of 500,000. It is the centre of military, political, economic and traffic activities in Central China. In losing Nanchang, Chiang Kai-shek has lost his most important base of operations, to say nothing of traditional importance which is attached to Nanchang in connection with his famous northern expedition or anti-Red expedition as well as with the "New Life Movement" which was started and fostered at Nanchang.

before it swept over China.

The Nanchang campaign was successfully concluded in a week by crushing the Chinese armies, some 20 divisions strong. This signal success is attributed to the surprise attacks on the Chinese positions, wedge daringly driven into the Chinese positions by the Japanese mechanized units and efficient covering operations of the Japanese military and naval air forces, all of which deprived the main body of Chinese armies of any chance to take up positions in the heights northwest of Nanchang.

To follow up their victory, the Japanese forces crossed the Kan River before the main body of Chinese armies were able to retreat and disrupted the Chekan Railway. This accounts for the capture of almost all the Chinese artillery pieces along the southern section of the Kuukiang-Nanchang Railway as well as for the comparatively larger number of Chinese regulars taken prisoner by the Japanese forces.

## THE SITUATION IN CHINA

### II

#### —ACTIVITIES OF THE IMPERIAL NAVAL FORCES—

PUBLICITY BUREAU, NAVY DEPARTMENT

##### **The Campaign in Northern Kiangsu Province**

**K**IANGSU Province has long been noted for its anti-Japanese sentiments. A large force of Chinese troops which lost the battle for Hsuehchow retreated to Haichow, the eastern terminus of the Lung-Hai Railway, where they set up their headquarters for their anti-Japanese operations in the northern part of the province. The Japanese military and naval forces jointly carried out a large encircling movement on Haichow from late in February to early in March.

At dawn, February 26th, crack military units, covered by naval units successfully landed at Antungwei, the southern border-town of Shantung Province. These units immediately started a southern drive on Haichow.

On March 1st, more Japanese forces landed at the mouth of the Kwan River in northern Kiangsu. These forces sailed up the river with a view to cutting off the Chinese southern retreat from Haichow. The pincer movement on Haichow was completed with military units driving south from Lini in southern Shantung, as other military units pushed east along the Lung-Hai Railway from Sinanchen and as the landing party started a drive on Haichow from Lienyunchuang, the eastern terminus port of that railway. Haichow fell early in the morning of March 4th.

Other Japanese forces which took action in concert with the pincer movement on Haichow started a southern push from Sutsien on the grand canal and succeeded in reducing Hwaiyin, the junction of the grand canal and the Yen River early in the morning of March 2nd, in conjunction with those Japanese forces which had gone up the river.

Following the fall of Hwaiyin and Haichow, the Chinese troops around Lienyunchuang immediately started a retreat and the Japanese landing party which had been engaged in a mopping-up campaign with its base established at Lienyunchuang occupied Hsukow on March 3rd.

Sheyang River in Kiangsu Province has hitherto provided an important route of supplies and communications for the remnants of Chinese troops and guerillas in that part of China, thus seriously hindering the Japanese clean-up campaign. In connection, therefore, with the fresh campaign in northern Kiangsu Province, the Japanese military and naval authorities decided to take action on this river too. Prior to the start of the action, the Japanese naval authorities on March 2nd communicated with the foreign authorities concerned, asking them to advise all non-Chinese vessels to move to points 40 miles from the mouth of the river not later than March 4th, otherwise disclaiming any responsibility for damages. The Japanese naval force on March 7th successfully removed booms and swept mines at the mouth of Sheyang River and sailed up to a point 30 miles from the mouth the same evening, silencing the enemy positions on both banks. The following dawn, this naval force entered Fowning, where it effected a junction with the military forces.

### **The Hainan Campaign**

The Hainan campaign is proceeding smoothly. Since February 10th when the Japanese forces succeeded in landing on the shore of Tengmai Bay in the northwestern part of the island, they have taken important towns in quick succession, including Hoihow (Haikow), Kiungshan, Kiungtung, Tsinglan, Wenchang, Sankiang and Tashuh.

In concert with the military forces which were driving south from the north, a landing party effected a surprise landing near Samah in the southern part of Hainan Island at dawn, February 14th and occupied Yulin, the best port in the island, the same day. On February 15th, bluejackets occupied Aih sien and cleaned up the remnants of Chinese troops there. The landing party has since been kept busy eliminating remnants of Chinese troops and guerillas. It routed a large body of Chinese regulars at a point northeast of Samah on February 20th and cleared the district west of Aih sien from the remnants of Chinese troops on February 21st. Part of the landing party cleaned up Tsinglan Port on February 24th but met with no stiff resistance. Japanese bluejackets captured a custom-cutter and a large quantity of arms and ammunition. On February 25th, the landing party defeated Chinese regulars in the suburbs of Aih sien.

On March 1st and 2nd, the landing party carried out an extensive clean-up campaign around the area under its occupation. Yulin

port and neighbouring districts were quiet, but some Chinese regulars were observed north of Maling in the Samah district, while other regulars were spotted near Sintsun west of Ahsien and immediately routed.

Peace and order is being gradually restored in Hainan Island. Restoration of popular confidence is reflected in the re-opening of shops in Haihow and other towns in the area under Japanese occupation.

### Activities of the Naval Air Force

From the middle of February to the middle of March, the activities of the naval air force have been extensive. In South China, it participated in the Hainan campaign, covering the movements of the Japanese military forces and landing parties; in Central China it cooperated with the Japanese naval units on the Yangtze River in suppressing the remnants of Chinese troops and guerillas on both banks; and in North China, it took part in the new campaign in Northern Kiangsu Province, by covering the operations of the military and naval forces.

In South China, naval air units which took off at dawn, February 10th, participated in the newly-started campaign in Hainan Island, by covering the forces which successfully effected a landing on the island in face of the enemy that same morning. They effectively bombed Siuying Fort and military establishments at Hoihow and Kiungchow. They then paid attention to the key points in the western part of the island, which they bombed from time to time. They also dropped handbills to towns and villages, containing information on the situation and urging the people to pursue business as usual.

On February 12th, naval air-units attacked the remnants of Chinese troops in various parts of the island. They also raided Leichow Peninsula on the mainland. The following day they attacked the enemy positions at Tanhsien. On February 14th, naval air squadrons attacked various key points in the eastern part of Hainan Island, including Wenchang, Kiungtung, Mankiao (Wenchiao), Wanning, Lushui and Sintsun.

The Chinese military positions at Anting and the military barracks at Lushui were attacked on February 16th, while the Chinese military works in the northwestern part of Hainan Island and also near Haian in Leichow Peninsula in the mainland were bombed on February 17th.

Aerial reconnaissance over the northern and southern parts of the



island revealed that all was quiet on February 21st. Following aerial reconnaissance over the southern part of the island, naval air squadrons on February 23th raided the mainland and attacked Foochow, Amoy and Swatow. Several Chinese military craft were bombed and sunk off Swabue in Kwangtung Province, while munition depots in Leichow Peninsula were bombed and burned.

On February 27th, several naval air units cooperated with warships in blocking the North River in Kwangtung Province. The southern part of Hainan Island was reconnoitred. Other naval air units visited the mainland and attacked Pakhoi and Lienchow, bombing and sinking several military junks off Pakhoi and Kaote.

In concert with the naval force on the Pearl River, several naval air units bombed the Chinese military positions on the North River, while other naval air units visited Swatow and Chaochow and effectively bombed the military establishments there.

Hinghwa and Lungki in Fukien Province were raided on March 3rd and the Chinese troop concentrations and military works were bombed or machine-gunned. Linchow (Lienchow) on the Tongking Gulf was raided on March 7th and the Chinese military positions there were heavily bombed despite furious anti-aircraft gunfire, while Yeungkong on the southwestern coast of Kwangtung Province was visited, where godowns and dockyards were bombed and destroyed.

On March 10th, Foochow, the capital of Fukien Province, was visited and the fort at Kinpaen was bombed. The following day, Chuanchow and Tsungwu on the southeastern coast of Fukien Province were raided and a large number of military craft in the ports were bombed and destroyed.

In Central China, Japanese planes flew over Nanyang in southwestern Honan Province on February 15th. The headquarters of Chinese troops were bombed, while the Chinese military positions along the western shore of Poyang Lake from Hukow to Singtze in Kiangsi Province were reconnoitred and bombed.

Ichang, Siangyang and Kingmen in Hopeh Province were raided on February 21st and the military establishments there were bombed, while the Chekiang-Kiangsi Railway was visited and Chuki in Chekiang Province was attacked. The military barracks and other military establishments at Chuki were effectively bombed. On February 22nd, Chenhai and Taichow were raided and the forts and other military works there were bombed.

The Chekiang-Kiangsi Railway was visited again on March 1st; munition depots at Kweiki in Chekiang Province were bombed and destroyed.

Lukio on the eastern shore of Lake Tungtung in Hunan Province was raided on March 8th and the military establishments there were effectively bombed, while Ichang in Hupeh Province was also visited and various military works were bombed. All the Japanese planes returned to their base in safety.

In North China, several naval air units visited Tengchow at the northern extremity of Shantung Peninsula on February 15th and bombed the military barracks there. The following day the Chinese military positions on both banks of the Sheyang River in Kiangsu Province were attacked. On February 21st, naval air units in concert with the local Japanese garrison attacked the Chinese guerillas south of Chucheng in Shantung Province, while on February 28th Fowning and Hwaiian in northern Kiangsu province were visited. The Chinese artillery force moving south was machine-gunned.

On March 1st, naval air squadrons cooperated with the military and naval forces in their campaign in northern Kiangsu Province by covering their operations and attacking the enemy positions. Chinese troops, some two companies strong, were machine-gunned near Shwangkiang, while Chinese military craft on the Kwan River was bombed effectively.

On March 2nd, the naval air force kept up its covering operations for the Japanese ground forces, by reconnoitring and attacking the Chinese positions round Lienyunchuang.

Tungan in northeastern Kiangsu Province was attacked and the Chinese troop concentrations and military motor-lorries there were bombed on March 7th, while the Chinese military positions at Yangchaichen and the Chinese troop concentrations near Koutunchen were attacked. Another naval air unit attacked the Chinese base at Wusin. On March 8th Yencheng was visited and armed military motor-boats were attacked, while the Chinese troop concentrations at Tsachuakiao on the Sheyang River were bombed and machine-gunned. Another naval air unit attacked the Chinese military positions at Tungshuichen and Yangchinnen. On March 9th, the Chinese troop concentrations and military establishments along the Hwai river, the Sheyang River and the Yen River and also the district south of Fowning were attacked. A military vessel was attacked and sunk near Kiangtun the same day.

## STATEMENT ISSUED BY THE FOREIGN OFFICE INFORMATION BUREAU

—Concerning the Negotiations on the Fishery Question  
between Japan and the Soviet Union—

*April 4, 1939*

1. The Japanese-Soviet negotiations regarding the question of fishing in the northern waters came to a satisfactory conclusion on April 2nd and a *modus vivendi* was signed at midnight by Ambassador Togo and Foreign Commissar Litvinoff. The following is an outline of the progress of negotiations conducted after the announcement at the end of February this year up to the time of the conclusion of the agreement.

Since March Ambassador Togo negotiated nine times with Foreign Commissar Litvinoff, namely, on the 8th, 11th, 14th, 22nd, 26th, 28th and 31st of March and 1st and 2nd of April; and in the meantime Counsellor Nishi negotiated from time to time with Assistant Chief of the Far Eastern Bureau Tsarabukin.

Some of these interviews lasted for several hours with heated arguments, and more than once there was the danger of rupture. The Japanese side, however, has consistently endeavoured along reasonable lines to persuade the Soviet to reach an amicable solution while maintaining a resolute attitude for the preservation of our treaty rights. As a result a satisfactory agreement has been reached.

At the interviews held after March 8th, Ambassador Togo refuted the Soviet argument which said it was unreasonable for Japan to demand substitute fishery lots for exempted fishery lots, and he strongly expressed the Japanese contention regarding the stabilized fishery lots. At the same time he endeavoured to persuade the Soviet to postpone the auction scheduled for March 15th, urging the Soviet side to reconsider and stated that the serious responsibility should be borne by the Soviet Government for the situation which might arise as a result of its insistent unilateral contentions.

On March 15th, the Soviet carried out the auction as previously planned and, although the fishery lots which the Japanese had hitherto operated were not affected as a whole, it successfully bid for four of the stabilized lots hitherto operated by the Japanese as well as six fishery lots which the Soviet Government had proposed to

place on auction as substitutes for the fishery lots which it had previously proposed to exempt from the operation by Japanese nationals. Against this the Japanese Embassy at Moscow lodged a vigorous protest in an official Note dated the 19th, stating that Japan refused to accept the effect of the auction.

The negotiations were continued which substantially came to a close by the end of March. The negotiations were then shifted to the question of what form of document should be adopted to incorporate the points agreed upon. At midnight on April 2nd the negotiations on the fishery question came to a satisfactory conclusion, and the Japanese participated in the auction held at Vladivostok on April 4.

2. The results of the agreement may be summarized as follows :

(A) The Fishery Convention of 1928 remains in force until the end of this year.

(B) The contract for the special contract fishery lots is extended another year with the exception of four exempted lots, concerning which mention will be made later.

(C) As to stabilized fishery lots they are placed on auction with the exception of the exempted lots, of which mention will be made later, but

(a) The definite prospect is that Japanese fishing interests will acquire them.

(b) These acquired lots will be under lease for five years.

(c) The rent is not to be raised more than ten per cent.

(d) The four lots which were successfully bidden by the Soviet side on March 15th, are to be returned to the Japanese.

(D) The exempted fishery lots :

Thirty-seven fishery lots consisting of thirty-two of the stabilized lots, four of the special lots, and one of the lots under lease are exempted from auction as exceptions to Article 8 of the Protocol A of the Fishery Convention. But against these lots ten substitute lots are offered, nine of which are to be leased for five years by auction.

(E) The nine Japanese fishery lots which have been placed on auction because their lease expired will be successfully bidden by the Japanese for the term of five years.

(F) The fifty-two fishery lots which have been still under lease will continue to be leased by the Japanese.

(G) The rate of rouble exchange remains the same as before.

To sum up, the Japanese side has acceded to the Soviet contention regarding the placing of the so-called stabilized lots on auction because the term of their lease has expired. But the Japanese will

successfully bid for all the fishery lots except the exempted ones and secure the stabilization of the fishery lots for five years. As for the exempted fishery lots, although we are not to operate twenty-seven of them, we can operate about three hundred and sixty fishery lots. In other words, Japan has acquired as the result of the recent negotiations about three hundred and sixty fishery lots in all, of which two hundred and sixty-four are to be stabilized for five years.

## STATEMENT OF THE FOREIGN OFFICE

### —Conclusion of the Agreement on Cultural Cooperation between Japan and Italy—

*March 23, 1939*

WITH a view to consolidating and promoting the cultural relations existing between Japan and Italy in the spheres of arts, literature, science and jurisprudence, the Japanese Government proposed to the Italian Government in December last, the conclusion of an agreement for that purpose. The Italian Government gladly accepted, and as a result the agreement concerning their cultural cooperation has been concluded today. It is a matter for congratulation that this agreement has been put into effect at a time when the friendly relations between Japan and Italy are becoming closer than ever before by virtue of their participation in the anti-Comintern agreement.

The agreement definitely affirms in its preamble that the cooperation between Japan and Italy for the promotion of their cultural intercourse should be based upon the intrinsic features of the ancient and modern cultures of the two countries.

The agreement itself provides the general principles upon which the contracting parties should act, and the competent authorities of both countries are to determine by mutual agreement the following matters among various others which are mentioned in the agreement :

1. Establishment of committees to make suggestions and studies regarding a cultural cooperation to be proposed by one of the contracting parties.
2. Eventual foundation of new cultural institutions which will contribute toward a closer cultural contact between the two countries, maintenance and expansion of such existing institutions.
3. Adaptation of text books used in schools of both countries within the scope to be later fixed and in conformity with the spirit of the agreement.
4. Facilities for Government students of both contracting parties.
5. Promotion of the exchange of professors and students.
6. Mutual recommendation of those who will be engaged in cultural activities in one of the two countries.

7. Promotion of friendly intercourse between Japanese and Italian youths' organizations.
8. Exchange of books and periodicals.
9. Mutual encouragement of the translation of both general and technical books and other literature which will contribute toward a closer cultural contact between the two countries.
10. Exchanges in the realm of arts.
11. Exchange of films.
12. Exchange of broadcasts.
13. Exchanges in the field of sports and public welfare.
14. Exchanges in the field of tourist industry.

## STATEMENT OF THE FOREIGN OFFICE SPOKESMAN

—Regarding the Participation of Spain in the  
Anti-Comintern Agreement—

*April 8, 1939*

**S**PAIN, reborn under the leadership of General Francisco Franco, has formally participated in the Anti-Comintern Agreement of which Japan, Germany and Italy are original signatories. At a time when the political situation in Europe is in confusion, it is indeed significant that Spain has joined the front against the Comintern.

The Comintern, which failed utterly in its efforts to bolshevize Germany and Italy in previous years, laid the front line in Spain for the bolshevization of all of Europe. As a result, Spain was divided into two opposing factions, with bitter tragedies enacted as Spaniard fought Spaniard and brother fought brother.

Although realizing the sacrifices they would have to make and the tragedies they would have to suffer, the faction led by General Franco, surmounting numerous difficulties, finally occupied Barcelona early this year and succeeded in pacifying the Catalonian sector. The Communist régime immediately collapsed, and Madrid finally capitulated on March 28th. The Spanish civil war which began two and a half years ago was thus brought to a close, culminating in a decisive victory for General Franco.

The Powers in the Anti-Comintern front have early extended recognition to General Franco's Government and have been giving full support to that Government's work of subduing Communism.

The Japanese Government pays its profound respect to the brilliant achievement of the Spanish Government and at the same time earnestly hopes that the relations between Japan and Spain will, through increasing cooperation between them, grow in cordiality.



## **AN ORDINANCE AND TREATIES RECENTLY PROMULGATED**

**PRIME MINISTER'S CABINET**

### **Ordinance Revising the Ordinance Concerning the Price Commission**

(Imperial Ordinance No. 36 of March 1, 1939)

**T**HE revisions effected in the previous ordinance are so designed as to reorganize and enlarge the Central Price Commission to facilitate comprehensive study of remedial measures for the price problem. The revisions authorize the commission to appoint temporary members in order to conduct investigations and studies concerning special matters and accordingly increases the fixed number of members of the commission from 30 to 50. Furthermore, the previous stipulation requiring the commission to be headed by the Minister of Commerce and Industry has been revised in order to authorize the Cabinet to appoint a chairman from among wider circles, upon the recommendation of the Minister.

### **Protocol Concerning the Participation of Manchoukuo in the Agreement against the Communist International**

(Treaty No. 1 Promulgated on March 2, 1939)

### **Protocol Concerning the Participation of Hungary in the Agreement against the Communist International**

(Treaty No. 2 Promulgated on March 2, 1939)

These Protocols, which were put into force on February 22nd, were concluded in connection with the participation of Manchoukuo and Hungary in the Agreement against the Communist International, which is known as the Japanese-German-Italian Anti-Comintern Agreement and which consists of the Agreement of November 25, 1936, the Annexed Protocol, and the Protocol of November 6, 1937.

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